

DEPARTMENT OF ADMINISTRATION
STATE OF MONTANA

In the matter of the) NOTICE OF PROPOSED AMENDMENT
amendment of ARM 2.4.406)
pertaining to a roster of) NO PUBLIC HEARING CONTEMPLATED
independent auditors)
authorized to conduct audits)
of local government entities)

TO: All Concerned Persons

1. On September 1, 2003, the Department of Administration proposes to amend ARM 2.4.406 pertaining to a roster of independent auditors authorized to conduct audits of local government entities.

2. The Department of Administration will make reasonable accommodations for persons with disabilities who wish to participate in the rulemaking process and need an alternative accessible format of this notice. If you require an accommodation, contact the Department of Administration no later than 5:00 p.m. on August 15, 2003, to advise us of the nature of the accommodation that you need. Please contact Cathy Muri, Administrative Financial Services Division, P.O. Box 200102, Helena, MT 59620-0102; telephone (406) 444-4609; fax (406) 444-2812; e-mail cmuri@state.mt.us.

3. The rule as proposed to be amended provides as follows, stricken matter interlined, new matter underlined:

2.4.406 ROSTER OF INDEPENDENT AUDITORS AUTHORIZED TO CONDUCT AUDITS OF LOCAL GOVERNMENT ENTITIES

(1) through (4) remain the same.

(5) To be eligible for inclusion on the roster, an independent auditor must:

(a) if an individual, hold a current Montana certificate as a certified public accountant and hold a current ~~annual~~ permit to engage in the practice of public accounting under 37-50-314, MCA, or hold a current license as a licensed public accountant, have been licensed on or before December 31, 1970, and hold a current annual permit to engage in the practice of public accounting under 37-50-314, MCA;

(b) ~~if a partnership or corporation, be currently registered as a partnership of certified public accountants or a corporation of certified public accountants under 37-50-331 or 37-50-332, MCA, or be currently registered as a partnership of licensed public accountants or a corporation of licensed public accountants under 37-50-333 or 37-50-334, MCA, have each office established or maintained in this state for the practice of public accounting by:~~

(i) a certified public accountant or a partnership or corporation of certified public accountants registered annually as provided under 37-50-335, MCA; or

(ii) a licensed public accountant or a partnership or corporation of licensed public accountants registered annually as provided under 37-50-335, MCA, and have been registered on or before December 31, 1970;

(c) meet the continuing education requirements specified in Government Auditing Standards, as established by the comptroller general of the United States;

(d) have an external quality control review at least once every three years that meets the requirements specified in Government Auditing Standards, as established by the comptroller general of the United States, and receive an unqualified review report from the reviewing firm, team or association;

(e) not have been restricted in the conduct of governmental auditing by the Montana board of public accountants;

(f) not have been debarred, suspended, proposed for debarment, declared ineligible, or otherwise excluded from performing audits by any state or federal department or agency;

(g) not have been deemed ineligible to conduct local government entity audits by the department because:

(i) ~~because~~ of failure to conduct local government entity audits under contract with the department during the previous two years in accordance with the audit standards described in ARM 2.4.405-~~i~~;

(ii) ~~because~~ of failure during the previous two years to adhere to the terms and conditions of an audit contract with the department-~~i~~ or

(iii) ~~because~~ the independent auditor is more than 90 days delinquent in filing an audit report required under an existing contract with the department and has not obtained the department's written consent to an extension of the contracted filing date.

(6) through (13) remain the same.

AUTH: Sec. 2-7-504 and 2-7-506, MCA

IMP: Sec. 2-7-504 and 2-7-506, MCA

Reasonable Necessity: The rule amendments are reasonably necessary because of statutory changes that occurred during the 2001 Legislative Session. Section 37-50-314, MCA, was amended to refer to "current permit" rather than "current annual permit." Therefore, subsection (5)(a) is amended to reflect this statutory language revision. Subsection (5)(b) was amended to delete the references to sections 37-50-331, 37-50-332, 37-50-333, and 37-50-334, MCA, which were repealed by Chapter 123, Laws of 2001. The repealed statutes were replaced by section 37-50-335, MCA, which is now referenced in the rule.

4. Concerned persons may submit their data, views or arguments concerning the proposed amendments in writing to Cathy Muri, Administrative Financial Services Division, P.O.

Box 200102, Helena, MT 59620-0102; telephone (406) 444-4609; fax (406) 444-2812; e-mail cmuri@state.mt.us. Any comments must be received no later than 5:00 p.m. on August 29, 2003.

5. If persons who are directly affected by the proposed amendments wish to express their data, views and arguments orally or in writing at a public hearing, they must make written request for a hearing and submit this request, along with any written comments they have, to Cathy Muri, Administrative Financial Services Division, P.O. Box 200102, Helena, MT 59620-0102; telephone (406) 444-4609; fax (406) 444-2812; e-mail cmuri@state.mt.us. A written request for hearing must be received no later than 5:00 p.m. on August 29, 2003.

6. If the agency receives requests for a public hearing on the proposed action from either 10% or 25, whichever is less, of the persons who are directly affected by the proposed action; from the appropriate administrative rule review committee of the legislature; from a governmental subdivision or agency; or from an association having not less than 25 members who will be directly affected, a hearing will be held at a later date. Notice of the hearing will be published in the Montana Administrative Register. Ten percent of those persons directly affected has been determined to be six based on the fact that there are currently 59 certified public accounting firms on the Department of Administration's roster of independent auditors authorized to conduct audits of Montana local government entities for the period beginning July 1, 2003, and ending June 30, 2004 (roster established pursuant to section 2-7-506, MCA, and current ARM 2.4.406).

7. The Department of Administration maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to this list shall make a written request which includes the name and mailing address of the person to receive notices and specifies the specific areas over which the Department of Administration has rulemaking authority that the person wishes to receive notice regarding. Such written request may be mailed or delivered to Dal Smilie, Chief Counsel, Department of Administration, P.O. Box 200101, Helena, MT 59620-0101; telephone (406) 444-3310; fax (406) 444-2529; e-mail dsmilie@state.mt.us or may be made by completing a request form at any rules hearing held by the Department of Administration.

8. The bill sponsor notice requirements of 2-4-302, MCA, do not apply.



By:

SCOTT DARKENWALD, Director
Department of Administration



By:

DAL SMILIE, Rule Reviewer

Certified to the Secretary of State July 21, 2003.